



DEFENSE LOGISTICS AGENCY
DEFENSE CONTRACT MANAGEMENT COMMAND
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IN REPLY
REFER TO

AQI

S: 6 Feb 98

**MEMORANDUM FOR COMMANDER, DEFENSE CONTRACT MANAGEMENT
DISTRICT WEST**

**SUBJECT: DCMC Memorandum No. 98--31, Review of Air Force Center for Environmental
Excellence (AFCEE) Support (TASKING)**

This is a TASKING Memorandum. It will expire upon completion of the required action.
Target Audience: Commander, DCMDW and personnel administering AFCEE contracts.

Tasking:

- Purpose: AFCEE has requested that DCMC meet with them to conduct a detailed review of administrative functions that have been delegated or withheld by AFCEE. The purpose of the review is to determine where the functions can be accomplished most efficiently and develop a Memorandum of Agreement (MOA) which details the support provided.
- Requirement:
 - DCMDW establish a team to conduct this review and develop the draft MOA in accordance with the attached charter. Deliverable is draft MOA ready for HQ DCMC approval. Due date is February 6, 1998.
 - DCMC Headquarters has already reviewed some support areas and will meet with the DCMDW team members via video or teleconference to provide additional background and details. The Customer Liaison Representative for AFCEE, Ms. Doris Sciara, will arrange final dates for the meeting with the customer.

Point of Contact for Further Information:

Ms. Kathy Zalonis
Functional Requirements Team
(703) 767-2365
E-Mail: kathleen_zalonis@hq.dla.mil

FRANK J. LALUMIERE
Executive Director
Program Integration

Attachment



9 Jan 98

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AFCEE Review Team Charter

BACKGROUND: The Air Force Center for Environmental Excellence (AFCEE) has requested that DCMC meet with them to review (in detail) administrative functions which have been delegated or withheld by AFCEE to determine where the functions can be accomplished most efficiently.

At the present time, DCMC performs functions which fall primarily into the administrative area (such as contract review, postaward conferences, delivery surveillance, overhead rate settlements, property administration, and contract closeout). AFCEE has a large and specialized technical staff, which has retained responsibility for functions such as environmental reviews, planning and analysis.

TASK:

1. The DCMC/AFCEE team will evaluate current DCMC processes and systems supporting administration of AFCEE contracts and recommend areas where DCMC support can be improved or increased.
 - a. Property administration has been reviewed by HQ/DCMDW/AFCEE; the proposed MOA coverage is attached.
 - b. Because AFCEE has highly skilled technical expertise, it is neither anticipated nor desired that DCMC provide technical support such as environmental planning or analysis, technical reviews or other technical functions that AFCEE is presently performing.
2. Using the results of the evaluation and the property agreement already developed, the team shall develop a draft Memorandum of Agreement (MOA) outlining future support of AFCEE by DCMC.
3. The team will also identify any future needs, including potential workload growth for DoD and reimbursable customers.

PRODUCTS:

1. Draft MOA
2. Assessment of workload impact and other potential areas for attention.
3. Recommendations to improve and streamline the process for AFCEE support

MEMBERS:

DCMC-AQI will provide guidance as required.

DCMDW: Local CAO representatives with District oversight

METHODOLOGY:

1. Review responsibilities and work processes with customer reps.
2. Determine changes needed to existing support; plan for future workload growth.
3. Draft MOA based on above findings
4. Provide MOA to AQI for review

SCHEDULE:

Identify/Notify Team Members	Jan 14
Team Strategy Meeting	Jan 20
On Site Review	Jan 28-29
Draft Report/MOA	Feb 6

MEMORANDUM OF UNDERSTANDING - DCMC AND HSC/PKV

Section XXX: Property Administration

GENERAL:

1. The following contract property administration plan has been developed to ensure adequate property administration of unique processes associated with AFCEE environmental contracts issued by HSC/PKV. The goal of this plan is to provide an efficient and effective method of ensuring environmental contractors are adequately caring for, protecting, reporting, controlling, and maintaining Government property in their possession. This plan is consistent with DoD 4161.2-M, DoD Manual for the Performance of Contract Property Administration, and provides clarification of issues specific to AFCEE environmental contracts.

2. AFCEE environmental contracts differ in scope from standard DoD production or service contracts in that work being performed is commonly defined in three different stages: in the first stage, a contractor may conduct investigations and provide assessment of site conditions; in the second stage, a contractor may develop, design and plan to accomplished environmental remediation of a site; and, in the third stage, a contractor, based on the other phases, performs site remediation to include long term monitoring and operations of installed systems as necessary. In each stage a different contractor may be used and Government property may be furnished by the Government or acquired by the contractor for the Government. The most commonly provided types of Government property under these contracts are facilities (general purpose equipment) and material. Although the contracts should normally be issued to the contractor's corporate office, the actual performance sites for most of these contracts are either active or closed military installations, which are referred to as delivery order sites (DOs).

DELEGATION OF PROPERTY ADMINISTRATION:

Contracts should be delegated to the DCMC office having cognizance of the contractor's corporate location. However, in some cases in the past contracts were not properly delegated. HSC/PKV will modify these contracts to reflect the contractors' corporate locations. Those DCMC offices that are presently administering these contracts will forward these modifications to the DCMC office cognizant of the corporate office. Modifications of these contracts will ensure that the appropriate DCMC office will have cognizance of the prime contracts and related DO sites. This change will ensure a clear understanding of the proper delegation relationships among DCMC offices. In the future all contract delegations will be sent to the DCMC office cognizant of the contractor's corporate location. Upon receipt of either a new or re-delegated AFCEE contract, PAs will ensure that the contract assignment is entered into the DCMC Property Administration Data System.

PROPERTY CONTROL PROCEDURES AND SYSTEM ANALYSIS METHODOLOGY:

1. The dollar amounts of Government property and types of contracts will normally determine the complexity of a contractor's property control system. However, all contractors are required to establish formal systems to control, account for, and maintain property in their possession, to include the DO performance sites.

2. The threshold established in the DoD 4161.2-M, DoD Manual for the Performance of Contract Property Administration, for performing a standard property control system analysis is \$500,000 of Government property. Environmental contractors that have this amount of Government property, based on the previous year's DD Form 1662, DoD Property in the Custody of Contractors, will be evaluated through use of a standard property control system analysis. Contractors not meeting the criteria will be evaluated utilizing limited analysis methodologies. In all cases review of AFCEE contractors' property control systems will be performed in a manner consistent with DCMC risk based strategies. To reduce the burden on the contractor and eliminate duplicative audits, formal or informal property related reviews conducted by Brooks AFB will be provided to the cognizant DCMC PA and may be used to augment the property control system analysis
3. PAs will ensure that the contractor's procedures establish a requirement to document the dollar amount and line items of Government property in their possession and the possession of DO performance sites, listed separately.
4. Visits to DO sites as part of the property system analysis will normally be considered only for sites having \$500,000 or more of Government property, unless the PA has reason to believe that significant property control problems exist at a DO site having a lesser amount of property. A statistical sample of those performance sites meeting the \$500,000 criteria will be selected for site visits when performing the system analysis. No more than three DO performance sites will be reviewed for each contractor during an analysis.
5. When appropriate the cognizant PA will request support property administration or one-time assistance from the DCMC office responsible for the selected DO performance sites. The supporting PA will forward their analysis of the DO performance site to the cognizant PA.

CONDUCTING THE SYSTEM ANALYSIS:

1. In accordance with the applicable parts of the DoD 4161.2-M, augmented by the recommendations established in this plan, the PAs will conduct a system analysis of the contractor's property control system. Where appropriate, sampling will be utilized as defined in DoD 4161.2-M, Appendices A and B. The following information is provided to assist in the establishment of the system analysis plan:

Recommended Functions to be Reviewed:

Property Management

PAs shall ensure that contractors have acceptable current procedures/processes for assessing the efficiency and effectiveness of the property control system, identifying deficiencies, instituting corrective actions or general improvements, and minimizing loss, damage, or destruction to Government property.

PAs shall ensure that property control processes/procedures have been disseminated to all contractor personnel responsible for managing Government property and that they are being followed to include DO performance sites.

Acquisition

All acquisitions of Government property are either negotiated or approved by HSC/PKV. Therefore, ensure that facilities (e.g., general-purpose equipment) are not being acquired without proper HSC/PKV authorization.

If contractors who have been subject to limited analyses are acquiring significant amounts of equipment under cost type contracts, PAs should consider performing standard analyses, at least for the acquisition function.

Unauthorized acquisitions will be brought to the attention of the PCO and ACO for possible cost disallowance.

Records

Government property acquired under cost reimbursement and fixed price contracts or furnished by the Government will be properly posted to the property records within a reasonable time.

Floor-to-record reviews as well as records-to-floor reviews are necessary to ensure property has been properly recorded.

Receipt and issue records must be maintained as authorized by the PA. Ensure that receipt and issue records are adequate (acquisition document, issue date and balance on hand). Ensure that the DO sites have records of facilities (equipment) and material in their possession. Official records may be kept at the corporate location.

Disposition

All excess Government property accountable to AFCEE contracts will be reported to HSC/PKV .

Subcontractor Control

Of particular importance is to ensure that the contractor's system provides for adequate control of Government property in the possession of subcontractors or DO performance sites, including records, reports, and inventories.

Consumption

PAs shall ensure that the contractor's system in place at the DO performance sites provide for the consumption of material in a timely manner.

Closeout

PAs shall ensure that all Government property has been accounted for, including that at delivery order sites.